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AUTHOR Pitt, David
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ABSTRACT

Inflation is both a cause and consequence of changes in power and status. Competitive status activities create spiral situations which have an economic correlate. Ultimately, inflation leads to the creation of economically deprived and depressed social groups. Deflation can be achieved to some extent by redistribution of wealth dictated from above, but there remains the danger of conflict unless means can also be found of an equitable redistribution and a devolution of power and status. In some cases, for example, economic deprivation is not mirrored in local estimation by feelings of inferiority. In fact, deprivation may well provide the stimulus for upward mobility in power and status and, consequently, deflation. In New Zealand, there is a kind of class structure wherein the most deprived groups are not necessarily classes but rather minorities (a Polynesian proletariat, the aged, welfare clients, and many rural communities are not part of the power elite). Since this group is so heterogeneous, it does not constitute a unified power base; moreover, the rural pressure groups are apathetic, lack bureaucratic influence, and are divided. Consequently, New Zealand's urban-centered power structure does not respond to rural needs, but recently, return migrants have been trying to recreate urban services and may become catalytic in the initiation of a new power structure. (JC)

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DAVID PITT
UNIVERSITY OF AUCKLAND
NEW ZEALAND

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INFLATION AND RURAL SOCIETY

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David C. Pitt,
University of Auckland,
New Zealand.

INFLATION AND RURAL SOCIETY

There are very few people, inside and outside academe, who do not agree that one of the most pressing problems of our time, at least in the West, is inflation. The sociologists, whilst they may have studied some of the social consequences of inflation and the poverty it produces, have generally left the analysis of inflation itself to the economists,[1] and this is certainly true of inflation in rural societies. There may have been some justification in this neglect if inflation was purely and simply a monetary problem. Even the economists (with the exception of the University of Chicago school) are now looking for wider explanations.[2] In this brief paper we will try to argue that there are important overlooked, vaguely understood, social dynamics involved, the explanation of which may help in the ultimate solution of a problem which currently eludes the economists and the politicians.

First of all what do we mean by inflation? Unfortunately there is no agreed definition even amongst the economists,[3] but most associate it with a decline in the purchasing power of the monetary unit, usually accompanied by an actual or potential rise in the general level of prices (even if not all prices are similarly affected). A number of different kinds of inflation have been identified usually with regard to the rate of decline of the purchasing power from creeping through trotting to runaway inflation or hyperinflation, to the chaos experienced in Central Europe in the interwar period. The

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1. See, for example, the remarks of Dahrendorf, R. - 1975 - The New Liberty - London - Routledge & Kegan Paul.
2. E.g., Ball, R. J. & Doyle, P. (eds) - 1969 - Inflation - Harmondsworth, Penguin.
3. For a very comprehensive list see Lillian Ewer - 1976 - Bibliographia Sobre Inflacion - Biblioteca - NU/CEPAL - Santiago.

classical view was that hyperinflation was the major problem but the creeping variety is now also seen as a 'disease', slower but no less sapping of strength. Economists have always included some indication of 'causes' in their definitions (at least of creeping inflation) such as cost-push (rises in the prices of factors of production) or demand-pull (excess of aggregate demand over existing supply). There remain too the explanations in terms of monetary and price control, or the important trade off (in developed economies) between full employment and inflation rates (the so-called Phillips curve).

The sociological definition of inflation would undoubtedly have to take into account these causal models but the focus needs to be shifted in other directions. Perhaps as Aujac[1] argued in an unfortunately neglected paper, we need to look at the social aspects as the cause not the consequence of monetary aspects. Certainly we need to look more carefully at the relationship between inflation and the social structure particularly of stratification elements. Inflation as a decline in purchasing power is an aspect of decreasing wealth and can be correlated with changes in power and status. In fact we would like to argue that for a social group declining power and status can play an important part in increasing inflation and even in creating hyperinflation.

The economistic conception of inflation has a number of faults. Not only are the social elements misconstrued but also analysis (and supporting statistics) tend to be in macroframes which do not easily permit the position of the different groups and sectors of the population to be evaluated. The very important point of course is that inflation does not equally affect all communities or groups (some may indeed benefit) and what is most significant is the relativity of purchasing power between different groups. Inflation is associated as Aujac recognised with social groups, not necessarily classes. For

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1. Aujac, H. - 1950 - Une hypothese de travail: L'inflation consequence monetaire du comportement de groupes sociaux - Economic Appliquee. Avril-Juin.

example, he talks of types of entrepreneurs - the wheat farmers from Aisne, the wine growers from Herault, etc. Inflation is an aspect like any other social or monetary fact of the situation which binds together the network of groups. Particularly it is to be associated when one group is able to rebel against the established relationships and so set in train a new flow of goods and services. The ability to create inflationary instability depends on the power - economic, judicial or political - which a group can exert over the other groups.

There are a number of ways, it can be argued, to show the influence of the social rather than the monetary causes of inflation. Some models come from preindustrial societies where there is not a well-developed monetary system. Until recently most social anthropologists have considered 'pre-industrial ' economies to be qualitatively different, though recently the Marxists[1] have begun to analyse preindustrial social structures in the same terms as capitalist societies, and there has been a continuing interpretation in which pre-industrial economics are explained in neo-classical economic terms.[2] Although there are very real difficulties in using concepts like preindustrial, the most important being when societies were already well advanced in contact with the industrialised world when the anthropologists arrived.

Nonetheless there are a number of excellent examples of inflation (including hyperinflation) in the preindustrial literature which clearly show social rather than economic dynamics. One of the best documented is probably the potlach of NW Coast Amerindians, especially the Kwakiutl people on which there are probably more books than people (population

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1. For example the work of Godelier, Terray, etc. See Bloch, M. - 1975 - Marxist Analyses and Social Anthropology - London - Malaby Press.
2. Notably the work of Sir Raymond Frith, Cyril Belshaw, etc. cf. Pitt, D. C. - 1970 - Tradition and Economic Progress - Oxford University Press.

1970 about 2,000).[1] The Kwakiutl potlach can be briefly described as an 'ostentatious and dramatic distribution of property'[2] to achieve social rank, usually at ceremonies connected in one way or another with a rites-de-passage, i.e., in the Aujuc model a time when the existing order is changed. In early contact times potlach goods were cedar bark or furs sewn together but soon after contact Hudson Bay Company blankets were the most important, though other items were inevitably included. The gift once given had to be returned within a specified time at a specified LeK!o[3] or return rate which ranged from 20% for under six months to 100% for twelve months and could go over 200% if the borrower had poor credit. For a man starting to potlach he would first borrow blankets from members of his own tribe, loan them out and then eventually enter the intertribal potlach. The 'cost' then of social rank positions increased at a geometric rate.

The system did not break down partly because it was a 'paper' credit system with creditors never calling in all their loans (in fact there were never enough blankets to cover them), but also because there were means of destroying credit. Potlaching involved feasting, the disbursement and consumption of food and the destruction of goods, especially at the grease feasts where many boxes of oulachen oil were burnt and often potlach blankets, canoes, etc. as well, if only by the ensuing conflagration. There was also ceremonial destruction of copper sheets representing many hundreds of blankets. In all these cases, destruction conferred a greater status than blanket accumulation and dispersal. This status also carried with it considerable power.

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1. See especially Codere, H. - n.d. (1950?) - Fighting with Property - New York - Augustin; Barnett, H. G. - 1958 - The Nature and Function of the Potlach - Eugene, Dept of Anthropology, University of Oregon; Drucker, P. - 1965 - Cultures of the North Pacific Coast - Chandler - San Francisco; Drucker, P. & Heizer, R. F. - 1967 - To Make My Name Good - Berkeley - University of California Press; McFeat, T. - 1966 - Indians of the North Pacific Coast - Toronto - McClelland and Stewart; Rohner, R. & P. - 1967 - The People of Gilford - Ottawa - National Museum of Canada; Rohner, R. & E. - 1969 - The Kwakiutl - New York - Holt Rinehart; Wolcott, H. - 1967 - A Kwakiutl Village and School - New York - Holt Rinehart.

2. Codere, n.d. - op. cit. 63. 3. op. cit. 70.

Formerly the Kwakiutl clans acquired power through war but potlaching became the surrogate, 'fighting with property' as Codere puts it. This point is important. Kwakiutl warfare seemed to have overturned power and status relations. However, the destruction of goods did not necessarily set in motion any radical transformation of society. Certainly there was deflation in the sense that new coppers had to be acquired and paid for if only to validate the rank created by conspicuous destruction and could guide exchanges. But those of high rank had an advantage.

But there were other important dynamics as well. At first glance it would appear that the important stimulus was internal, the competition for social rank. However, although rank was greatly desired there were enough positions for most, even for young people. This was largely because until the 1940s the population and number of births were declining or static. More significantly much inflationary pressure was imported. Cash incomes rose,[1] roughly doubling in the period 1903-1939, but so too did costs and the number of blankets used in the potlach in the period. Also the whole potlach was in a sense a status activity vis-a-vis the outside world, a way of demonstrating the worth and validity of a key traditional institution and with it the identity and independence of the whole Kwakiutl.

The potlach model is not isolated. Many rural communities in the third world have a competitive ceremonial at the base of the social structure. Almost without exception these ceremonies involve participation in the cash economy[2] to acquire money or new prestige goods which are now replacing traditional items. Prices have of course escalated for any goods purchased. There are examples too of destruction or conspicuous consumption but most goods are redistributed through the ceremonial system and this may serve a useful function where other means of distribution are nonexistent or exploitative. Traditional ceremonies also play a key role in the interface

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1. Codere n.d., 94
2. See Pitt, D. C. - 1970 - Tradition & Economic Progress - Oxford University Press. Or Pitt, D. C. - 1976 - Social Dynamics of Development - Oxford - Pergamon Press.

with the outside culture.

Inflation then is to be correlated with declining status and power for an individual or group, and those who suffer the greatest decline in purchasing power are those in lower stratification positions. Inflation creates debt and indebted classes and deflation cannot always be achieved by redistribution. Some interesting material illustrating this point comes from Leach's classic study of Highland Burma.[1] Amongst the Kachin people of this region there seems to be an oscillation between two different political forms the egalitarian gumlao and the hierarchical gumsa system where there are hereditary chiefs. The former is associated with dispersed swidden agriculture, the latter with increased production which the chiefs come increasingly to control. Goods are transformed into prestige and rank, through feasting which raises the prestige of lineages and hence of bride prices. However, as the gumsa situation sets in there is inflation of prestige goods (hpaga). Demand increases for surpluses, for labour (slaves), for territory resulting in tensions. Groups indebted to chiefs (the Kachin word for debt, hka, is the same word for feud) cannot meet their obligations and the chiefs are overthrown in revolt. This may result in a new gumlao state but there exists also a unilineal growth towards an 'Asiatic' state if the techno-ecological situation is appropriate.

How far can these models help us with more general problems of inflation, especially in an industrialised setting? There are obviously lessons for the sociology of devaluation and international exchange rates in Kwakiutl manipulations of coppers and blankets, and in the relationship between hyperinflation and war or power struggles. The gumlao-gumsa oscillation may be compared with certain features of capitalist evolution although unilineal tendencies are perhaps more obvious. Status competition, honour, face

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1. Leach, E. R. - 1954 - Political Systems of Highland Burma - University of London. Cf. Friedman, J. - 1975 in Bloch, M. (ed) - Marxist Analyses and Social Anthropology - London - Malaby.

or social distance between unions, employers and governments may often lie behind difficulties in reaching a social contract on wages and prices. But these problems are not so relevant to many small rural communities in industrialised settings which are dependent on an external society and have within that society an inferior wealth, power and status position. The peasantry, in a world where power centres and populations are in the cities, have become dependent on external bureaucracies and governments whether the system is capitalist, colonialist or socialist. Inflation is imported in these situations often at a premium. Some of these points can perhaps be made more clear by discussing the specific example, on which I have recently been working, New Zealand rural society.

New Zealand rural society,[1] like the New Zealand society as a whole, is not monolithic but comprises a plural mosaic with strong stratification elements.[2] Much of the literature on New Zealand has stressed egalitarianism, even if the economy is centrally controlled and have seen this as a reason why New Zealand is a utopia without inflation (historically)

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1. The definition of rurality in New Zealand as elsewhere poses problems. A recent survey conducted by the Department of Sociology, University of Canterbury, defined rural as people living in settlements of 1000 or less. This gives something less than 30% of the population (1971). Other definitions (e.g. amongst farm advisers) are popular if somewhat more sociological, e.g. 'where everybody knows everyone else' and may in fact approximate to the 1000 population criteria if not for a centre than for a district. The statistical definition relates to people who do not live in urban areas, boroughs, town districts, county towns and townships with a population of over 1000 gives only 1971 18.5% NZOY 1974/65. Other government departments may use involvement in farming as a criteria, though some farmers, especially small holders, intensive horticulturalists etc. live within urban boundaries, many (the Canterbury survey of women gives over $\frac{1}{3}$) rural people are not involved in farming and some townsdwellers are absentee farmers. The material that follows is derived from the Department of Sociology, University of Auckland, Social Development Archives which in turn contains information based on a number of rural fieldwork studies, e.g. Tokoroa 1969-72, Waitaki Valley 1972 directed at Lincoln College by Professor K. O'Connor to whom I am grateful for illuminating comments.

2. Cf. Pitt, D. C. and Macpherson, C. - 1975 - Emerging Pluralism - London - Longmans; Pitt, D. C. (ed) - 1976 - Social Class in New Zealand - London - Longmans.

or unemployment.[1] Broadly speaking there are divisions based first on ethnicity, certainly in rural areas. The Polynesians were agriculturists before the coming of the European, living in villages growing crops, fishing, etc. and exchanging goods and services through a wide ranging kinship system. After the arrival of the Europeans in the mid-nineteenth century, commercial relations came to supplement and then dominate the Polynesian economies. The Maoris were important early sellers of food and land, both locally and for export,[2] whilst in the neighbouring Polynesian Islands[3] an export trade developed quickly around coconuts (copra) and later cacao, bananas and other tropical products. The Polynesians remained basically a rural peasantry until the Second World War when first government edict (in the Maori case) and later the attractions of urban jobs and living stimulated a mass urban migration which left only a minority of Polynesians still living in the countryside. At the 1936 census, 8249 Maoris (10%) lived in cities, boroughs or independent town districts, but the proportion at the 1971 census was 70.2%[4] and more recent estimates go as high as 80%. There are now more Niueans, Tokelauans, and possibly Cook Islanders in New Zealand than in the home islands. Something like 25% of all Samoans live abroad (though some in the USA). Certainly the rate has been slowing off due to a recession in employment opportunities, government immigration restrictions (in the case of some islands) and the beginnings of a renaissance of Maori interest in rural origins and identity.[5] The Maori community of 67,801 (in 1971) remaining in the countryside have been concentrated in particular areas of the country, e.g. East Coast, Northland, etc. owning with some exceptions less productive areas of land and smaller holdings. In 1965 a committee of enquiry established that 1,489,473 hectares in the North Island and 89,000 hectares in the South Island was Maori land (about 5%). Since then more

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1. For one of the more curious studies by visiting experts see J. R. Perkins - 1964 - Understanding Money, Unemployment & Inflation - Why New Zealand is a Modern Utopia - New York - Vantage. Cf. Hall, V. B. - 1974 - A Preliminary Model of New Zealand's Post War Inflation - Economic Record 50:57-76.
2. E.g. Firth, R. - 1959 - The Economics of the New Zealand Maori - Wellington - Government Printer.
3. E.g. Pitt, D. C. - 1970 - Tradition and Economic Progress - Oxford University Press.
4. New Zealand Official Year Book (NZOY 1974:68).
5. E.g. Pitt, D.C. - 1976 - The Great Maori Land March - Journal de Societe des oceanistes.

has been alienated, and over half of the remnant of Maori land is leased to non-Maoris, though some Maoris do own European land.

The Europeans living in rural areas numbered at the 1971 census 460,808, something less than 20% of the total population. Of rural residents who were employed approximately half (including owner workers) worked directly on farms,[1] and most others in service occupations connected in one way or another with the farming industry. As is the Maori case there has been a marked drift of the Europeans to the cities stimulated basically by the economic difficulties in the farming sector vis-a-vis urban opportunities and by the general decline of welfare and community services in rural areas. There are small and decreasing numbers of other ethnic groups associated with particular types of agriculture, e.g. the Chinese and Indians (market gardening), Yugoslavs (viticulture), Dutch and Swiss (dairying), expatriate colonial British (citriculture etc.).

Especially in the last four or five years inflation has played an important part in the decline of the rural communities and the urban drift. An important element in the recent inflation has been imported in the form of higher external prices. Certainly the Maori communities and some European farming communities as well had their variation of potlaching and conspicuous consumption. Certainly too there was a good deal of local inertia, weak development of product diversification and problems in adjusting to rapidly changing market needs. But the major factor was still the cost-price squeeze which was most marked for those who had shifted from the traditional sheep or dairying to grains or beef. The price obtained for farm goods did not rise even with successive devaluations nearly as fast as costs, hence real farm income declined dramatically. The reasons for the rises in costs are those familiar to students of inflation around the world. Trade union pressures forced wages up. The freezing industry

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1. In a 1970 survey covering 55,395 farms (91% of all farms) nearly one half were sheep, or sheep and beef combinations, about a third dairying or combinations (NZOY 1974:389).

which processes most farm products before they are put on the world market has the worst strike record of any industry in New Zealand. And from 1973 the OPEC cartel caused major rises in freight charges.

In the 1960s the rural cost-price squeeze at first increased, only slowly, but recently there has been a much more dramatic pace. At the end of the 1950s price indices (e.g. consumer, wholesale etc.) were rising at about 1% per annum. By the end of the 1960s[1] the rate was around 5% per annum, by the middle of the 1970s it was nearer 20% per annum. The returns for the sales of farm goods showed an increase of only about 2% per annum over the same period. Real (and in some years net) income to farmers remained static or even decreased. One recent report[2] gives an annual net income increase rate (1960-1972) for all farmers of about 1% per annum whilst wages in the urban sector had nearly tripled in the same period.[3] Some groups were harder hit than others. In the period 1960-1971,[4] sheep farmers had an 8% increase only in net income (dairying 22%). Lawyers saw their wages increase by 86%, transport workers 78%, professional workers 77%, labourers 65%, salesmen 66% and so on.

The reaction of the farming community was at first to try to increase production, e.g. by increasing stocking rates, yields and at the same time to hold the input on capital or labour expenditure. But 'farming out of the slump' proved very difficult, if not impossible. Climatic edaphic disease and other factors set upper limits to stocking rates. There were ceilings on the flows that markets, transport and processing could cope with. There were, too, many costs which kept rising on the farm (e.g. mortgages) and particularly beyond the farm gate (notably transport and works charges).

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1. See O'Malley, T. R. et al - 1973 - Farming and Inflation - NZ Institute of Economic Research - Wellington.
2. O'Malley, T. R. - 1973 - op cit: 20.
3. NZOY 1974:905.
4. From income tax statistics - O'Malley : 26.

Many farmers became disenchanted as inflation and recession persisted and successive governments were unable to solve the problem. The consequences were an increase in the number of run down farms, more sales of farms, especially around the urban areas, where large untaxed sums could be made from subdivision. All this resulted in a decline in stock numbers, agricultural acreage and production.

As real farm income declined the ancillary industries and services that were dependent on it shrunk too. The standards of rural schooling and health declined and contributed to the poor preparation that Maori migrants especially had for arrival in the big cities and they drifted to the lower part of the socio-economic structure, and into social problems. Some farmers (or farmers' wives) became commuting workers with considerable disruption to family and community life. Those who did not own or lease farms but who remained in the countryside were also a deprived class whether Maori or European. Farm workers (including farm managers), dairying sharemilkers and especially the retired people had low wages or returns, poor housing, many problems with education for their children and little social life. One should point out this situation of rural poverty did not really surface into the usual indicators of unemployment and welfare cases. Certainly there was a decline in the number of farm workers and no doubt many farmers were underemployed. Benefits and other forms of assistance were however difficult to get partly because of the sturdy independence of yeoman farmers but more often because the urban based welfare services were not willing or able to understand and effectively process rural problems and clients.

We can explain to a considerable degree both the consequences and causes of rural inflation in terms of stratification factors, especially the low status and power situation of the rural communities. As we have said, to some extent rural inflation was imported, a consequence of an international stratification system. New Zealand has sold a small range of agricultural products to a specialised world market with (now Britain has joined the EEC) few guarantees. Although export receipts have generally risen since 1970 the costs of imports

and other external payments have risen at a faster rate, so that the costs of borrowing were added to inflation itself.

Although agricultural products accounted for something like 80% in value of export earnings, the rural sector received only a small and decreasing proportion of national income. The rural sector was not able to get more of the cake first of all because its power base was small. Recent work on New Zealand society[1] has shown a kind of class structure in which the most deprived groups are not necessarily classes, but rather minorities who are not part of the power elite. This heterogenous group which includes a largely Polynesian proletariat , the aged and other clients of the welfare state and also includes many rural communities. The New Zealand electoral system based on a single house in Parliament with universal suffrage did not favour sparsely populated country districts. Many of the Maori people certainly voted in four separate electorates but many too voted in European electorates or not all so that their Parliamentary dynamic was dissipated. All members of Parliament were affiliated to two major political parties, National (Conservative) and Labour. Here again the country element was not very influential. The National party which has had traditional support from European farmers has come to be dominated by urban business interests, whilst those farmers supporting the Labour party (e.g. the smaller dairy farmers, Maori farmers) have not had much influence in a party dominated by Trade Unions and professionals.

The rural pressure groups, particularly the Federated Farmers which represented most farmers, had some political influence, although it did not compare with the powerful and Federation of Labour and tended to be divided and not able to manage the mass media, which was extensively used by the political parties and other pressure groups. Many farmers were apathetic about the efficacy of pressure group politics (less than 50% voted in Federated Farmers elections). Some

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1. E.g. Pitt, D. C. (ed) - 1976 - Social Class in New Zealand - Longmans.

groups, notably the farm workers, have only formed a union in the last year and were not included under minimum wage and other legislation relating to working conditions.

Finally the farming community had little influence on the bureaucracy which was such an important part of power dynamics. Increasingly the farming community were subject to government regulation in all aspects of economic activity, in the prices of commodities, in farm policy, in environmental planning, in taxation, rates and fiscal policy etc. The recent difficulties of the farming community have been used as a reason for stabilizing farm incomes through centrally controlled so-called smoothing techniques[1] where bad and good years were evened out.

The consequence of an urban centred power structure was that there were too few incentives in rural areas, in the form of subsidies, taxation relief or the decentralization of industry. Even the concessions that were made, e.g. depreciation or taxation allowances, really benefitted the so-called Queen Street (the main street of Auckland) farmer, i.e. the city businessman who looked on the farms as another form of factory or simply an investment like an hotel or apartment house. Both National and Labour governments seemed to favour this big business investment generally.[2] In rural areas special encouragement was given to new activities such as forestry, tourism or factory farming which often depended on overseas capital.

The separation between town and country is reflected in other forms of social distance. There is a good deal of mutual prejudice. There are urban stereotypes of farmers with straw behind their ears living off the fat of the land whilst their wives bake a few home made scones. Rural stereotypes of 'townies' emphasise the anomie, crime and grasping nature of city society. Attempts by the mass media

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1. See particularly the Zanetti Report 1975 (Report of the Farm Incomes Advisory Committee).
2. A recent publication talks of 'state capitalism' - Bedggood, D. - 1976 - The New Zealand Red Book - NZ Marxist Publishers - Auckland.

(e.g. the programme 'Country Calendar' on television, designed to explain the country to the town) seemed to be watched mainly by country people themselves, whilst similar radio programmes are largely ignored.

Two different evolutionary solutions to this situation of rural inferiority are possible. First, central government can redistribute more resources and rewards to the countryside. Such a process is not significant at present and more unlikely in the future since it involves decentralisation and devolution of power and because other urban pressure groups are more strategically placed to block any filtering of control. Much more significant is the attempt by rural communities at self development, at exploiting the situation to their own advantage. Many rural communities are showing a renewed vitality. This development from below, like many similar movements in other parts of the world,[1] owes something to urban (though not official) stimulus. For example, there is much rural exogamy in New Zealand, town wives coming out on to the farms. Also most country people now have had some schooling in the cities, or job experience. These returning migrants tend to try to recreate both an urban service structure and life style and to reflect the political articulateness typical of contemporary middle class New Zealand urbanites. Also the countryside, in time of great ecological consciousness, has a great attraction and is seen as a model where the pollution of urbanisation and industrialisation can be held at bay. In the urban peripheries there are many richer people who buy small plots of ten acres (4 ha) or more as a second or country home. In the Maori case the return to the land is an essential part of an emerging ethnic identity, the re-establishing of links with traditional marae (sacred village centres), an escape from the ennui of menial or assembly line jobs and the vexations of a leisure world filled only with pubs and police harassment.

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1. Cf. Pitt, D. C. (ed) - 1976 - Development From Below - Mouton - Paris and The Hague.

Added to direct urban contact were the images of dissent broadcast throughout the country in the mass media and notably in television. All this added to what was an already well established 'ethnocentrism' in the countryside. Inflation and power deficiencies may have created a depressed rural sector, but it was not depressed in any other way. Country people felt themselves to be morally superior to the urbanites. In a recent survey carried out amongst country women by the University of Canterbury a very small percentage answered that they felt themselves depressed, inadequate, not satisfied,[1] or even isolated; certainly very many less than urban studies had revealed.[2] Families were the important unit in the countryside and women were deeply involved in familial and community work, certainly more than their city cousins. This was one reason why the 'rural depression' is something of an urban image, economically as well as socially. The unpaid labour on the farm may account for as much as 50% of labour costs[3].

Certainly the new migrants have created some problems as well as new possibilities. The image of a rustic utopia, whether for a Maori or a Pakeha, was often rudely shattered on encounter with bad roads, worse sanitation and no electricity, or the deep-seated resentment and opposition of the locals, or the hard facts of rural poverty. There were social problems, especially amongst women used to the independence of a job, suddenly thrown in with sick lambs or a hungry shearing gang. But if nothing else the new migrants were catalysts, inspiring in the locals new efforts to push for a new deal, or building on existing institutions, including

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1. University of Canterbury, Department of Sociology - 1976 - The Rural Women of New Zealand - Christchurch.
2. Society for Research on Women - 1972 - Urban Women - Johnsonville Society for Research on Women, NZ Federation of University Women - Women at Home: A New Zealand Survey.
3. See Lloyd, D.W. - 1974 - A Preliminary Review of Rural Social Conditions - Wellington - Agricultural Production Council or the studies in Hawkesbay & Canterbury by the Agricultural Economics Research Unit at Lincoln College (Publications Nos 34, 38, 1966). E. Willis - 1973 - A study of the Contributions of Family Labour on Dairy Farms - BA(Hons) Dissertation - Victoria University. Campbell, G. H. - 1970 - The Family and Farm Development on the Central Volcanic Plateau - MA Thesis - Univ. of Auck.

the many cooperative schemes. The result was certainly more pressure on the politicians, more vocal criticism of local development plans and even more militant action. Farmers are now banding together to get stock to the works, sometimes by droving, and even talking of withholding stock from the market. In all this it is the inflationary cost-price squeeze that is seen as the central element. The militant action of farmers 'going on strike' may well be one way of forcing government to increase assistance to the rural sector through tax reliefs, subsidies and bigger incomes. But national inflation problems would not necessarily be solved for higher returns to farmers would mean higher prices and more inflationary pressure on the wage-price spiral. A more appropriate course may be (as with trade union voluntary wage restraint in Britain) for the power (and status) of pressure groups to be acknowledged, and to look to all groups to exercise restraint within their own groups.

In summary then, we have tried to argue that inflation is both a cause and consequence of changes in power and status. Competitive status activities create spiral situations which have an economic correlate. Ultimately inflation leads to the creation of economically deprived and depressed social groups, whether internationally or nationally. Deflation can be achieved to some extent by redistribution of wealth dictated from above, but there remains (at all stages of industrialisation and in all types of economic systems) dangers of conflict unless means can also be found of an equitable redistribution and a devolution of power and status. It is interesting to note that a country with a very low recent rate of inflation is Switzerland, where decentralisation and devolution have a long and successful history. In some cases (including rural New Zealand) economic deprivation is not mirrored in local estimation by feelings of inferiority. In fact deprivation may well provide the stimulus to upward mobility in power and status, and through these means to deflation. Again nationally and internationally means have to be found of accommodating this mobility without creating the socio-economic inequities and the military iniquities so obvious around us.

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